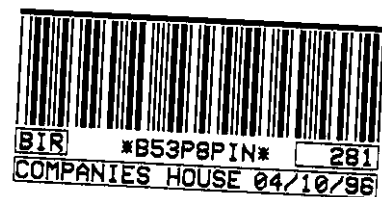


AgReserves Limited

FINANCIAL STATEMENTS

for the period ended

31 December 1995



AgReserves Limited

DIRECTORS' AND OFFICERS

DIRECTORS

| | |
|-----------------------|------------------------------------------------------|
| Charles R Whipple | appointed 3 October 1994, resigned 10 September 1996 |
| John W Creer | appointed 3 October 1994 |
| Richard C Edgley | appointed 3 October 1994, resigned 9 September 1996 |
| Karl F Keeler | appointed 3 October 1994 |
| Keith Broadway | appointed 3 October 1994 |
| Gerard Fitzsimons | appointed 8 July 1994, resigned 3 October 1994 |
| Michael Thomas Womack | appointed 8 July 1994, resigned 3 October 1994 |
| Thomas Rueckert | appointed 9 September 1996 |
| Clive Jolliffe | appointed 9 September 1996 |

SECRETARY

| | |
|-------------------|-----------------------------------------------------|
| Charles R Whipple | appointed 3 October 1994, resigned 9 September 1996 |
| Keith Broadway | appointed 3 October 1994 |
| Gerard Fitzsimons | appointed 8 July 1994, resigned 3 October 1994 |
| Thomas Rueckert | appointed 9 September 1996 |

COMPANY NUMBER

2947030 (England and Wales)

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands
B91 3DQ

AUDITORS

Baker Tilly
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham B3 3HN

AgReserves Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of AgReserves Limited for the period ended 31 December 1995.

PRINCIPAL ACTIVITIES

The company was incorporated as Tayvin 5 Limited on 8 July 1994. It changed its name to AgReserves Limited on 30 September 1994 and commenced trading on 3 October 1994.

The principal activity of the company during the period was farming.

REVIEW OF THE BUSINESS

On 3 October 1994 the company acquired the trade and certain of the assets of Aerial Farms, arable farms in Cambridgeshire, and commenced trading. As part of the same transaction the Aerial Farms land and buildings were acquired by another group company.

On 1 January 1995 the trade and certain assets of Ridge Farm, a dairy farm in Worcestershire were transferred from another group company. The Ridge farm land and buildings are owned by another group company.

On 29 September 1995 the company acquired the share capital of Hallsworth (Farmland Trust) Limited. Hallsworth (Farmland Trust) Limited has been profitable during the period since acquisition.

The sustained loss of AgReserves Limited arose during the first period of trading and included significant set up costs. The directors are confident that the company will become profitable in succeeding years.

RESULTS AND DIVIDENDS

The trading loss for the period after taxation was £260,434.

DIRECTORS

The following directors have held office during the period:-

Charles R Whipple
John W Creer
Richard C Edgley
Karl F Keeler
Keith Broadway
Gerard Fitzsimons
Michael Thomas Womack

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

Directors' interests in the shares of the company, including family interests, were as follows:

| | <i>Ordinary shares of £1 each</i> | |
|--------------|---------------------------------------|--------|
| | 31.12.95 | 8.7.94 |
| G Fitzsimons | - | 1 |
| M T Womack | - | 1 |

AgReserves Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board

Keith Broadway
Keith Broadway

Secretary

3 October 1996

AgReserves Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF AGRESERVES LIMITED

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

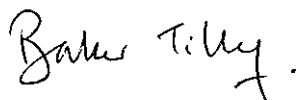
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 31 December 1995 to the exemption conferred by section 248 of the Companies Act 1985 from the requirement to prepare group accounts.



BAKER TILLY

Registered Auditor
Chartered Accountants
Scottish Life House
154 Great Charles Street
Birmingham B3 3HN

3 October 1996

AgReserves Limited
 PROFIT AND LOSS ACCOUNT
 for the period ended 31 December 1995

| | <i>Notes</i> | 1995 £ |
|---------------------------------------------|--------------|-------------|
| TURNOVER | 1 | 1,131,213 |
| Cost of Sales | | 746,934 |
| | | <hr/> |
| Gross profit | | 384,279 |
| Other operating expenses (net) | 2 | (647,651) |
| | | <hr/> |
| OPERATING LOSS | | (263,372) |
| Investment income | 3 | 3,983 |
| | | <hr/> |
| | | (259,389) |
| Interest payable | 4 | 1,045 |
| | | <hr/> |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | 5 | (260,434) |
| Taxation | 7 | - |
| | | <hr/> |
| SUSTAINED LOSS FOR THE YEAR | 16 | (260,434) |
| | | <hr/> <hr/> |

The operating loss for the period arises from the company's acquisitions.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

AgReserves Limited

BALANCE SHEET

31 December 1995

| | Notes | 1995 £ |
|---------------------------------------------------------|-------|-----------------------|
| FIXED ASSETS | | |
| Intangible assets | 8 | 295,427 |
| Tangible assets | 9 | 773,704 |
| Investments | 10 | 3,567,506 |
| | | <hr/> 4,636,637 <hr/> |
| CURRENT ASSETS | | |
| Stocks | 11 | 959,443 |
| Debtors | 12 | 1,182,557 |
| Cash at bank and in hand | | 184,347 |
| | | <hr/> 2,326,347 <hr/> |
| CREDITORS: Amounts falling due within one year | 13 | 1,490,751 |
| | | <hr/> |
| NET CURRENT ASSETS | | 835,596 |
| | | <hr/> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 5,472,233 |
| CREDITORS: Amounts falling due after more than one year | 14 | 32,667 |
| | | <hr/> |
| | | 5,439,566 <hr/> <hr/> |
| CAPITAL AND RESERVES | | |
| Called up share capital | 15 | 1,000,000 |
| Capital reserve | 16 | 4,700,000 |
| Profit and loss account | 16 | (260,434) |
| | | <hr/> |
| | | 5,439,566 <hr/> <hr/> |

Approved by the board on 30 October 1996

Keith Broadway

Keith Broadway Director

AgReserves Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

INTANGIBLE FIXED ASSETS

Milk quotas are stated at cost.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less accumulated depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

| | |
|-----------------------------------------|--------------------|
| Farm building improvements and drainage | over 5 to 10 years |
| Plant and machinery | over 5 to 10 years |
| Fixtures, fittings and equipment | over 5 years |
| Motor vehicles | over 3 to 10 years |

FIXED ASSETS INVESTMENTS

Investments are stated at cost

STOCKS

Stocks of crops, produce in store, purchased stores, tillages and cultivations are independently valued at the balance sheet date. The cost of crops and produce in store is determined by the cost of production. The cost of purchased stores is based on purchase price. Seed sown, fertilizer and sprays applied have been valued at cost. Tillages and cultivations are valued at CAAV guide prices or at actual cost where this information is not available.

The dairy herd and heifers are valued at cost of production, the dairy herd cost being subject to a provision to write each animal down to its estimated residual value evenly over their useful life of 3 years.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

RECOGNITION OF AREA AID INCOME

Area aid income, including set-aside, is recognised in the profit and loss account when the underlying crops are sold. For crops harvested but unsold at the period end date the relevant area aid and set-aside is treated as deferred income in the balance sheet.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 1995

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity. All sales were made in the United Kingdom.

2 OTHER OPERATING EXPENSES (NET) 1995
£

| | |
|-------------------------|---------|
| Machinery costs | 322,768 |
| Administration expenses | 324,883 |
| | <hr/> |
| | 647,651 |
| | <hr/> |

3 INVESTMENT INCOME 1995
£

| | |
|---------------------------|-------|
| Other interest receivable | 3,983 |
| | <hr/> |

4 INTEREST PAYABLE 1995
£

| | |
|---------------------------------------------------------------------|-------|
| On bank loans, overdrafts and other loans repayable within 5 years: | |
| Other | 1,045 |
| | <hr/> |

5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION 1995
£

Loss on ordinary activities before taxation is stated after charging/(crediting):

Depreciation and amounts written off tangible fixed assets:

| | |
|--------------------------|----------|
| Charge for the period: | |
| owned assets | 152,654 |
| leased assets | 3,266 |
| Profit on disposals | (9,145) |
| Equipment hire | 42,891 |
| Operating lease rentals: | |
| Land and buildings | 258,400 |
| Auditors' remuneration | 10,000 |
| | <hr/> |

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 1995

| | | |
|---|--------------------------------------------------------------------------------------------------------------|-------------|
| 6 | EMPLOYEES | 1995 No. |
| | The average weekly number of persons (including directors) employed by the company during the period was: | |
| | Office and management | 6 |
| | Manufacturing | 12 |
| | | — |
| | | 18 |
| | | == |
| | | 1995 £ |
| | Staff costs for the above persons: | |
| | Wages and salaries | 278,608 |
| | Social security costs | 23,217 |
| | Other pension costs | 14,996 |
| | | — |
| | | 316,821 |
| | | == |

DIRECTORS' REMUNERATION

None of the directors who served during the period ended 31 December 1995 received remuneration from the company.

7 TAXATION

Tax losses have been incurred during the period so no corporation tax charge is required

8 INTANGIBLE FIXED ASSETS

| | |
|------------------|-------------------|
| | <i>Milk quota</i> |
| | £ |
| Cost | |
| Additions | 295,427 |
| | — |
| 31 December 1995 | 295,427 |
| | == |

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 1995

9 TANGIBLE FIXED ASSETS

| | <i>Building improvements and drainage £</i> | <i>Motor vehicles plant and machinery £</i> | <i>Total £</i> |
|-----------------------|---------------------------------------------------------|-------------------------------------------------------------|--------------------|
| Cost or valuation | | | |
| Additions | 27,642 | 1,064,589 | 1,092,231 |
| Disposals | (4,250) | (182,380) | (186,630) |
| | <hr/> | <hr/> | <hr/> |
| 31 December 1995 | 23,392 | 882,209 | 905,601 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation | | | |
| Charged in the period | 3,344 | 152,576 | 155,920 |
| Disposals | (442) | (23,581) | (24,023) |
| | <hr/> | <hr/> | <hr/> |
| 31 December 1995 | 2,902 | 128,995 | 131,897 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| 31 December 1995 | 20,490 | 753,214 | 773,704 |
| | <hr/> | <hr/> | <hr/> |

The net book value of plant and machinery includes £94,734 in respect of assets held under finance leases.

10 FIXED ASSET INVESTMENTS

| | <i>Unlisted £</i> | <i>Total £</i> |
|-------------------------|-----------------------|--------------------|
| Cost and net book value | | |
| 31 December 1995 | 3,567,506 | 3,567,506 |
| | <hr/> | <hr/> |

The company holds more than 10% of the equity (and no other share or loan capital) of the following undertakings:

| <i>Subsidiary undertaking</i> | <i>Country of incorporation</i> | <i>Class of holding</i> | <i>Proportion directly held</i> | <i>Nature of business</i> | <i>Aggregate capital and reserves</i> |
|----------------------------------------|-------------------------------------|-----------------------------|-------------------------------------|-------------------------------|-----------------------------------------------|
| Hallsworth (Farmland Trust) Limited | England | Ordinary | 100% | Farming | £1,279,833 |

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

The aggregate capital and reserves represents values at 31 December 1994. The value for 31 December 1995 was not available.

The financial year end of the subsidiary is 31 December.

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 1995

| | | |
|----|------------------------------------------------|-----------|
| 11 | STOCKS | 1995 £ |
| | Crops in store | 340,371 |
| | Raw materials and consumables | 144,179 |
| | Purchased stores | 335,214 |
| | Heifers | 56,338 |
| | Dairy herd | 83,341 |
| | | <hr/> |
| | | 959,443 |
| | | <hr/> |
| 12 | DEBTORS | 1995 £ |
| | Due within one year | |
| | Trade debtors | 258,911 |
| | Amounts owed by group undertakings | 841,713 |
| | Other debtors | 81,633 |
| | Prepayments and accrued income | 300 |
| | | <hr/> |
| | | 1,182,557 |
| | | <hr/> |
| 13 | CREDITORS: Amounts falling due within one year | 1995 £ |
| | Obligations under finance leases | 32,666 |
| | Trade creditors | 50,619 |
| | Amounts owed to group undertakings | 802,548 |
| | Other taxation and social security costs | 7,890 |
| | Other creditors | 326,271 |
| | Accruals and deferred income | 270,757 |
| | | <hr/> |
| | | 1,490,751 |
| | | <hr/> |

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 December 1995

| | | |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 14 | CREDITORS: Amounts falling due in more than one year | 1995 £ |
| | Obligations under finance leases | 32,667 |
| | | <u>32,667</u> |
| | Repayable by instalments Obligations under finance leases in the second to fifth year | 32,667 |
| 15 | SHARE CAPITAL | 1995 £ |
| | Equity shares | |
| | Authorised 2,000,000 ordinary shares of £1 each | 2,000,000 |
| | Allotted, issued and fully paid 1,000,000 ordinary shares of £1 each | 1,000,000 |
| | All shares were issued during the period at par for the purpose of the purchase of assets and investments. | |
| 16 | RESERVES | £ |
| | Capital reserve | |
| | Funding provided by Farm Management Company | 4,700,000 |
| | Farm Management Company, a fellow group undertaking, provided the above sum as funding for long term capital needs. This amount is not repayable or subject to interest and accordingly, have been dealt with as a capital reserve. | |
| | Profit and loss account | |
| | Loss for the financial year | 260,434 |
| | 31 December 1995 | <u>260,434</u> |

AgReserves Limited

NOTES TO THE FINANCIAL STATEMENTS for the period ended 31 December 1995

| | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 17 | RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS | 1995 £ |
| | Loss after taxation | (260,434) |
| | | <hr/> |
| | | (260,434) |
| | Issued share capital | 1,000,000 |
| | Funding provided by group | 4,700,000 |
| | | <hr/> |
| | Net addition to shareholders' funds | 5,439,566 |
| | Opening shareholders' funds | - |
| | | <hr/> |
| | Closing shareholders' funds | 5,439,566 |
| | | <hr/> |
| 18 | CAPITAL COMMITMENTS | 1995 £ |
| | Capital expenditure contracted for but not provided in the financial statements | Nil |
| | | <hr/> |
| | Capital expenditure authorised by the directors but not contracted | Nil |
| | | <hr/> |
| | Commitments under finance leases entered into but whose inception occurred after the year end | Nil |
| | | <hr/> |
| 19 | COMMITMENTS UNDER OPERATING LEASES | |
| | At 31 December 1995 the company had annual commitments to three twelve month rolling lease arrangements that can be terminated by notice in writing not less than twelve months on advance. | |

AgReserves Limited

TRADING AND PROFIT AND LOSS ACCOUNT

for the period ended 31 December 1995

20 PENSION COMMITMENTS

The company is part of a group scheme operating a pension plan based on final pensionable earnings. The assets of the Plan are held in a separate trustee administered fund. Contributions charged to the revenue account are calculated so as to spread the cost of pensions over the employees' working lives with the company. The contributions are determined by a qualified actuary using the projected unit method.

The latest actuarial valuation of the Plan was as at 1 January 1994. The assumptions having the most significant effect on the valuation results were that investment returns would be 9 % and that pensionable earnings increases would average 7.5% pa. The valuation showed that the market value of the Plan's assets was £4,851,000 and that the actuarial value of those assets represented 107% of the benefits that had accrued to members, after allowing for expected future increases in pensionable earnings.

The pension charge for the period was £14,996, which included allowance for the amortisation of experience surpluses. These are being recognised over 12 years, the average remaining service lives of employees.

21 ULTIMATE HOLDING COMPANY

The company is ultimately owned jointly by the Corporation of the President of the Church of Jesus Christ of Latter-Day Saints and the Corporation of the Presiding Bishopric, both corporations incorporated in the State of Utah.